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David Vitter, Chairman:

I'm Scott Daugherty, the State Director of the North Carolina Small Business and Technology Development Center (SBTDC). I'm here today as the representative of the Association of Small Business Development Centers (ASBDC), whose members include the 63 SBDCs funded under the Small Business Act.

My remarks are based on 30 years of experience in the SBDC program. I've served on the ASBDC Board of Directors for numerous terms, and as Chairman three times. I've served on the Association's Accreditation Committee, all of which has provided me with a broad understanding of the competencies and capabilities of the national SBDC network.

Finally, I'm a Veteran. I'm deeply committed to serving the needs of America's Veterans and to do so in a way that is impactful and cost effective.

The SBDCs, as you know, are the US Small Business Administration's (SBA) largest and most impactful resource for business assistance. They have an unparalleled national presence, are viewed as highly successful in achieving their goals and objectives and are the only SBA resource expected to undergo a periodic and rigorous accreditation process.

The SBDCs have a very long and successful record of service to America's Veterans. They have provided Transition Assistance Training Programs at our many military installations across the country for many years. Their annual program performance requirements with SBA include a number of initiatives that are directly related to supporting transitioning members of the military. Most important, however, they actually provide direct, in depth one-on-one counseling to a very significant numbers of Veterans each year.

Our experience in North Carolina is reflective of this. We have some of the largest military installations in the country:

- Fort Bragg, is the largest military installation in the United States. It is home to the 18th Airborne Corps, the Joint Special Operations Command, Forces Command and others.
- Camp Lejeune, is the major Marine Corps installation on the east coast.
- Seymour Johnson Air Force Base is the home to the 4th Fighter Wing and several active Air Force Reserve units.
- Coast Guard Air Station Elizabeth City is the largest and busiest Coast Guard Station in the US.

The SBTDC currently provides direct instructional support for the Boots to Business Program in our state as a partner with the SBA and others. Our most important service contribution, however, has been through our one-on-one counseling to Veterans. Over the past decade, Veterans have represented 12% to 14% of our client base each year. This is reflective of and consistent with the large military presence in North Carolina.

To put this level of service in perspective it might be useful to consider the size and growth of the Veteran population in the country. Currently there are approximately 24.6 million Veterans in the U.S. This is equal to roughly 12% of the national population. The percentage of Veterans is actually declining as the number of those who served in WWII and Korea are declining sharply. The current, all

volunteer military is equal to about 1% of the US population. Given current trends, it is not anticipated that the percent of the population of Veterans will increase over the next decade.

This Committee is considering legislation, the Veterans Small Business Development Act, which has a direct applicability to our ability to best serve the needs of Veterans in the years ahead. A renewed and continuing commitment to helping transitioning Veterans and to helping existing Veterans pursue the startup of businesses is both necessary and highly laudable.

While I applaud and strongly support this interest, I have a number of concerns as to how that objective might be best achieved.

To help you with this, I would note that the new business startup process is something that we in the SBDCs fully understand.

First it is a process for an individual to move from the idea (or dreams) to reality.

The initial step, most often, is an information gathering phase. Offerings such as Boots to Business and the earlier TAP program are a vital examples of services at this phase. All SBDCs, for instance, have some form of training similar to Biz Boost at the front end of their engagement with would be startup entrepreneurs.

The next step is the reflection phase. This is where the individual digests what she or he has learned and assesses where they are and what is an appropriate next step.

The third step is the action planning phase which often results in a formal business plan. This can be done alone by individuals but is significantly enhanced when undertaken with guidance from an experienced business advisor.

The fourth step is the implementation phase, or the business launch.

This multi-step process is fundamentally important to success. The first phase and second phases are necessary but not sufficient. The third and fourth phases are absolutely necessary if good outcomes are to be achieved.

I would note this multi-phase process is too often not addressed by initiatives aimed at serving Veterans or the general public in the new business startup arena.

Finally, I'd like to make several suggestions as you consider renewing or establishing programs and services focused on our military Veterans (and other populations).

First, understanding the fiscal constraints of our current budget environment, decisions with respect to new or extended programs should be built on existing services delivery capabilities rather than creating new fragmented and, frankly, under horse powered networks.

Second, any new or renewed initiatives must demonstrate true capabilities for nationwide reach and on the ground services.

Third, it is critically important to remember that new business startup training initiatives, alone, are insufficient to achieve maximum desired outcomes. Training must be linked to and supported by ready access robust business advisory services.

Fourth, there must be an evident, upfront capacity to measure and evaluate program performance and outcomes.

This Committee has made long-term investments in what is today a clearly proven model for national outreach and service, the SBDCs. They have the commitment and capabilities to be more effectively utilized and engaged in your future plans to reach and serve transitioning members of the military and Veterans.

Thank you for your consideration of these thoughts. And thank you for your interest in better serving our Veterans.